

FIN 6310.501—Investment Management

Fall 2016

Tuesday 7:00-10:00 PM

JSOM 2.112

Professor Contact Information

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Office hours: Tuesday 4:00-6:00 PM, and by appointment

Course Description

FIN 6310 - Investment Management (3 semester hours) The course is intended to provide an understanding of the role of modern financial theory in portfolio management and to present a framework for addressing current issues in the management of financial assets. Topics to be covered during the semester include trading, valuation, active portfolio management, asset allocation, global diversification, performance measurement, financial derivatives, and fixed income securities. Prerequisite: **FIN 6301**, and Co/Prerequisite: **FIN 6306**. (3-0) S

Student Learning Objectives/Outcomes (SLOs)

SLOs specified for this course include the following:

- Utilize various pricing models to calculate security values and required rates of return.
- Apply techniques from modern portfolio theory to create efficient portfolios
- Utilize derivative securities to manage investment risk
- Evaluate investment performance with quantitative measures.

Additional SLOs include the following:

- Understand the characteristics of different financial assets such as money market instruments, bonds and stocks, and how to buy and sell them in financial markets.
- Calculate ex ante and ex post return and risk
- Understand the benefit of the diversification of holding a portfolio of assets, including the importance played by the market portfolio.
- Apply different valuation models to evaluate fixed income securities & stocks
- Apply fundamental analysis techniques
- Evaluate the quality of investment companies (mutual funds and exchange traded funds)

Textbooks and Materials

- **Required:** *Investments*, Zvi Bodie, Alex Kane & Alan J. Marcus (McGraw-Hill/Irwin, 10th edition, 2014), with Connect, McGraw-Hill's online learning aid. We have arranged with the publisher and the UT Dallas bookstore for students to purchase the loose leaf version of the text with Connect for \$155. The ISBN is 9781260064452. For those who prefer the hardback, the ISBN is 9780077861674 but you must still purchase the Connect online learning feature.
- Financial Calculator--TI BAII Plus is the only calculator supported. I have created videos that show the use of the TI BAII Plus.
- Suggested Course Materials: *Wall Street Journal* and other financial periodicals (such as *Barron's* and *The Economist*) and professional journals (such as *Journal of Portfolio Management* or the *Financial Analysts Journal*). Also, you will find financial websites such as www.finance.yahoo.com, www.reuters.com, www.morningstar.com, and other commercial sites to be helpful.

Tentative Class Schedule

| Date | Chapter | Topics |
|------------------------------|----------------------------------|--|
| Aug 23 | 1 | The Investment Environment |
| | 2 | Asset Classes and Financial Instruments |
| Aug 30 | 3 | How Securities are Traded |
| | 4 | Mutual Funds and Other Investment Companies |
| Sept 6 | 5 | Risk, Return, and the Historical Record |
| | 6 | Capital Allocation to Risky Assets |
| Sept 13 | 7 | Optimal Risky Portfolios |
| | 8 | Index Models |
| Sept 20 | 9 | The Capital Asset Pricing Model |
| | 10 | Arbitrage Pricing Theory and Multifactor Models of Risk and Return |
| | 11 | The Efficient Market Hypothesis |
| Sept 27 | 12 | Behavioral Finance and Technical Analysis– PROJECT 1 DUE |
| | 13 | Empirical Evidence on Security Returns |
| Oct 4 | 14 | Bond Prices and Yields |
| | 15 | The Term Structure of Interest Rates |
| Oct 11 | 16 | Managing Bond Portfolios |
| | 17 | Macroeconomic and Industry Analysis |
| Oct 18 | 18 | Equity Valuation Models |
| | 19 | Financial Statement Analysis |
| Oct 25 | 20 | Option Markets: Introduction |
| | 21 | Option Valuation |
| Nov 1 | 22 | Futures Markets |
| | 23 | Futures, Swaps, and Risk Management |
| Nov 8 | 24 | Portfolio Performance Evaluation |
| Nov 15 | 25 | International Diversification– PROJECT 2 DUE |
| | 26 | Hedge Funds |
| Nov 22 | THANKSGIVING HOLIDAY WEEK | |
| Nov 29 | 27 | Theory of Active Portfolio Management |
| Dec 6 | 28 | Investment Policy and the Framework of the CFA Institute |
| Date to be determined | | COMPREHENSIVE FINAL EXAM |

Grading Weights

| | |
|--------------|-----------|
| Homework | 20 |
| Projects (2) | 20 |
| Quizzes | 30 |
| Final Exam | <u>30</u> |
| | 100% |

Homework, Projects, Quizzes, and Final Exam

Students are required to keep track of assignments and changes in assignments on **eLearning**.

Homework will be due every week, sometimes two per week, consisting of problems and other types of activities, usually using the Connect platform. **Homework will not be accepted after the due date.** One homework grade can be dropped.

Projects will be assigned with the following due dates. Details will be provided later.

- 1) September 20 – mutual fund/ETF analysis.
- 2) November 15 –security analysis.

Quizzes will be given in the last part of every class meeting and will include multiple choice questions, fill-in-the-blank questions, short answer questions, and problems. **Quizzes may not be taken late.** One quiz grade can be dropped.

Final Exam will have the same format as the quizzes, and some quiz questions will be repeated on the final exam.

Quiz and exam questions will include information that is:

1. covered in the text, but not in lectures,
2. covered in lectures, but not in the text,
3. covered in both the text and lectures.

Course & Instructor Policies

Final semester grades will be assigned letter grades as follows:

A+ (98+), A (93-97), A- (90-92), B+ (88-89), B (83-87), B- (80-82), C+ (78-79), C (73-77), C- (70-72), D+ (68-69), D (63-67), D- (60-62), F (below 60). Unless there is a computational error, absolutely NO final semester grades will be changed. The time to be concerned about your grade is NOW and NOT the end of the semester.

All cell phones MUST be turned off before class begins. Laptop computers are allowed in class but only for class purposes, not for checking email, Facebook, etc. No eating is allowed in the classroom, but non-alcoholic beverages are acceptable. If you anticipate the need to use the restroom during the class period, please do so before the class begins. Please avoid leaving during class and then returning as it is not only disruptive to the class, but also disrespectful to the instructor in the same way that it would be disrespectful to your employer to leave during a staff meeting. Your whole-hearted attention and participation are expected during each class.

Although head coverings for bona fide religious purposes are welcome in class, baseball caps and other such fashion statements are not. In general, our expectation is that the classroom will be more like a board room than a family room.

You will determine the extent of your knowledge gained from this course. If you remain current with the readings and assignments, attend class, ask questions and work through the end of chapter questions, you should perform well in this class. Attendance will be monitored, but it will only be explicitly considered in borderline cases.

Comet Creed

This creed was voted on by the UT Dallas student body in 2014. It is a standard that Comets choose to live by and encourage others to do the same:

“As a Comet, I pledge honesty, integrity, and service in all that I do.”

UT Dallas Syllabus Policies and Procedures

The information contained in the following link constitutes the University’s policies and procedures segment of the course syllabus. Please go to <http://go.utdallas.edu/syllabus-policies> for these policies.

The descriptions and timelines contained in this syllabus are subject to change at the discretion of the Professor.